

Message Text

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EUR:JAARMITAGE
EUR/SOV:MGARRISON
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FOR HARTMAN FROM ARMITAGE

E.O. 11652: N/A

TAGS: TECH, TGEN, ENRG

SUBJECT: US-USSR ENERGY AGREEMENT: US DECISION NOT TO
DELIVER CRYOGENIC REFRIGERATOR TO THE USSR

FOR HARTMAN FROM ARMITAGE

1. YOU WILL RECALL ERDA RECENTLY DECIDED, WITH OUR
CONCURRENCE, NOT TO GO THROUGH WITH THE LOAN OF A US-
MADE CRYOGENIC REFRIGERATOR FOR JOINT EXPERIMENTATION UNDER
THE US-SOVIET ENERGY AGREEMENT. NOT LONG AFTER ERDA'S
DECISION WAS COMMUNICATED TO THE SOVIETS IN A COUNTERPART-
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TO-COUNTERPART LETTER, AMBASSADOR TOON CABLED HIS REACTION
TO YOU, MRS. MINK, AND ACTING ERDA ADMINISTRATOR FRI AS
FOLLOWS: (BEGIN TEXT)

2. I AM DEEPLY CONCERNED ABOUT THE DECISION NOT TO PROVIDE
A CRYOGENIC REFRIGERATOR TO THE SOVIETS AFTER ERDA HAD
AGREED TO DO SO, IN WRITING, EVERY YEAR SINCE 1973. THE

NEW DEPUTY MINISTER FOR INTERNATIONAL AFFAIRS OF THE MINISTRY OF POWER AND ELECTRIFICATION, N. A. LOPATIN, UNDERLINED TO US YESTERDAY HIS SURPRISE AND DISMAY AT THIS UNEXPECTED MOVE.

3. THE SOVIETS INDICATE THE LACK OF THIS PROMISED EQUIP-

MENT WILL SLOW DOWN THEIR DOMESTIC CRYOGENIC PROGRAM, WHICH THEY CONSIDER HIGHLY IMPORTANT, AND THAT THEY ARE AT A LOSS AS TO WHAT TO DO WITH THE CRYOGENIC CABLE WHICH THEY HAVE BEEN FABRICATING FOR DELIVERY TO THE US IN RETURN FOR THE REFRIGERATOR. THEY ALSO DO NOT UNDERSTAND THE RATIONALE WE HAVE PUT FORTH FOR CANCELLATION, I.E., CUTBACKS IN US POWER TRANSMISSION RESEARCH, AT A TIME WHEN THE PRESIDENT HAS PUT ENERGY CONSERVATION AT THE TOP OF OUR NATIONAL PRIORITIES LIST.

4. THE ENERGY AGREEMENT AND THE OTHER SPECIALIZED BILATERALS HAD THEIR GENESIS IN THE IDEA THAT, DESPITE POLITICAL DIFFERENCES, THE US AND THE SOVIET UNION WOULD BE ABLE TO BUILD MUTUAL TRUST AND CONFIDENCE THROUGH WORKING TOGETHER IN AREAS OF HIGH CONCERN TO BOTH NATIONS. THE ERDA DECISION RUNS COUNTER TO THIS PROPOSITION; IT NOT ONLY OFFERS THE SOVIETS AN EXCELLENT EXCUSE FOR RENEGING ON THEIR OBLIGATIONS UNDER THE SPECIALIZED BILATERALS BUT GIVES AID AND COMFORT TO THOSE HERE WHO PROFESS THAT THE UNITED STATES IS DISREGARDING COMMITMENTS MADE UNDER THE PREVIOUS ADMINISTRATION. IT ALSO COMES AT A PARTICULARLY INOPPORTUNE TIME, WHEN WE ARE ATTEMPTING TO ELICIT SOVIET LIMITED OFFICIAL USE

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COOPERATION ON A BROAD RANGE OF ENERGY MATTERS BOTH BILATERALLY AND MULTILATERALLY. I THEREFORE STRONGLY URGE ERDA TO REVERSE ITS DECISION AND TO SUPPLY THE REFRIGERATOR AS IT HAS SOLEMNLY AND REPEATEDLY OBLIGATED ITSELF TO DO. (END TEXT)

5. WHEN THE DECISION WAS FIRST DISCUSSED HERE, THE DEPARTMENT GAVE CAREFUL CONSIDERATION TO THE ISSUES INVOLVED. WHILE WE WERE DISTURBED AT RENEGING ON AN AGREEMENT MADE FIRST IN 1973 AND RECONFIRMED MANY TIMES IN WORKING GROUP PROTOCOLS THEREAFTER, THE EVIDENT LACK OF TECHNICAL GAIN TO THE US FROM LOANING THE REFRIGERATOR LED TO OUR BACKING ERDA'S DECISION. WE STILL BELIEVE OUR DECISION WAS THE RIGHT ONE BUT FEEL THE AMBASSADOR DESERVES A FULLER RECITATION OF THE FACTS. HERE FOR YOUR CONSIDERATION IS THE SUBSTANCE OF OUR PROPOSED DRAFT RESPONSE FROM YOU AND MRS. MINK (APPROVED IN HER ABSENCE BY OES ACTING ASSISTANT SECRETARY BREWSTER) TO AMBASSADOR TOON: (BEGIN TEXT)

6. ERDA STAFFERS HAVE UNDERTAKEN A BROAD REVIEW OF THE CRYOGENIC REFRIGERATOR LOAN IN RESPONSE TO REFTELS. IT APPEARS THEY WILL STRONGLY RECOMMEND TO ACTING ADMINISTRATOR FRI THAT ERDA STAND ITS GROUND. WE WOULD LIKE TO GIVE YOU A FULLER EXPLANATION OF OUR APPROACH TO THIS PROBLEM.

7. WHEN ERDA FIRST PRESENTED DEPT WITH ITS CANCELLATION

DECISION, WE RECOGNIZED THE POTENTIAL CONSEQUENCES OF BREAKING A COMMITMENT REPEATEDLY MADE IN WRITING. THE PROJECT'S LOW LEVEL OF TECHNICAL BENEFIT HAD LONG BEEN A CONCERN OF EXPERTS INVOLVED, BUT WAS NEVER SQUARELY MET AND, MOST UNFORTUNATELY, WAS NEVER CONVEYED TO SOVIET COUNTERPARTS. ABSENCE OF JOINT COMMITTEE MEETINGS SINCE 1974 AGGRAVATED SITUATION BY REMOVING THE DIRECT MECHANISM FOR HIGH-LEVEL REVIEW.

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8. DECISIVE FACTOR FOR US AT STATE IN FIRST INSTANCE WAS NOT ERDA'S BUDGET AND MANPOWER PROBLEMS, BUT ERDA'S CONVINCING ASSERTIONS THAT LOAN LACKED TECHNICAL BENEFIT. THERE WAS APPARENTLY LITTLE PROMISE OF BENEFIT EVEN WHEN PROJECT WAS CONCEIVED IN 1973. IN INTERIM, ACTIVITY AT US FACILITIES HAS MOVED US TO THE POINT WHERE OUR OWN EXPERIMENTS ARE MOVING WELL AHEAD OF ANYTHING EXPECTED TO COME OUT OF MOSENERGO EFFORT. IT THUS APPEARS THAT IF SOVIETS ACCEPT INVITATION TO PARTICIPATE AT BROOKHAVEN AND NEW REFRIGERATOR IS USED IN DOMESTIC PROGRAM, END RESULT WILL BE TO PROVIDE BOTH SIDES WITH BETTER DATA THAN IF LOAN CONSUMMATED.

9. ERDA IS ALSO VERY SKEPTICAL THAT SOVIET PROGRAM WILL SUFFER SIGNIFICANTLY. THEIR MOSENERGO SITE IS DESIGNED TO HAVE TWO SOVIET REFRIGERATORS, AND SOVIETS CAN PRODUCE SUCH EQUIPMENT WITH CAPABILITIES APPROACHING THOSE OF OURS. THE ADDITION OF THE THIRD, US, REFRIGERATOR PERHAPS CONTRIBUTES GREATER RELIABILITY AS SOVIETS ASSERT, BUT THIS APPEARS MARGINAL.

10. ERDA FURTHER DOUBTS THAT SOVIETS HAVE MADE THE INVESTMENT THEY CLAIM IN PRODUCING A CABLE FOR A RETURN LOAN TO THE US. THE MINUTES OF THE AUGUST 18, 1976 MEETING OF THE ORGANIZING COMMITTEE ON THIS TOPIC, THE MOST RECENT MEETING OF THE GROUP, SPELL OUT THREE POSSIBLE OPTIONS SUGGESTED BY THE US SIDE, A SOVIET RIGID CABLE, A SOVIET FLEXIBLE CABLE, OR A SOVIET HELIUM REFRIGERATOR. OBVIOUSLY, THE SOVIET SIDE WOULD NOT PROCEED TO PRODUCE ANY ONE OF THE THREE UNTIL A DECISION HAD BEEN MADE AS TO WHICH WOULD BE USED AS THE RETURN LOAN.

11. ERDA'S BUDGET PROBLEMS ARE MOST RELEVANT IN THAT THEY GREATLY INTENSIFY PRESSURES TO SPEND IN PRODUCTIVE, DEFENSIBLE MANNER. MONEY AND MANPOWER PROJECTED FOR LOAN PROJECT WILL PROVIDE SIGNIFICANTLY MORE USEFUL RESULTS IF LIMITED OFFICIAL USE

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APPLIED TO US DOMESTIC PROGRAM.

12. WE IN STATE HAVE ADDITIONAL CONCERNS ABOUT DOMESTIC

POLITICAL ASPECTS. IT WOULD BE HARD TO COPE WITH CHARGES THAT MONEY IS BEING THROWN AWAY FOR ABSTRACT POLITICAL GAIN. IF LOAN GOES THROUGH, SUCH DOMESTIC CRITICISM EVOKING TECHNOLOGY TRANSFER AND ONE-WAY-STREET THEMES COULD HAVE WIDESPREAD EFFECT.

13. IN OUR ESTIMATION, THE MOST BENEFICIAL ACTIVITY TO BOTH SIDES UNDER THE ENERGY AGREEMENT IS CLEARLY THE MHD PROJECT WHICH IS IN AN AREA OF GREAT POTENTIAL SIGNIFICANCE. WE WILL CONTINUE TO SUPPORT COOPERATION IN THIS FIELD AS WELL AS IN OTHER AREAS SUCH AS UHV, HEAT REJECTION AND HYDROPOWER WHERE USEFUL EXCHANGES HAVE ALSO TAKEN PLACE. FINALLY, WE ARE HOPEFUL THAT COOPERATION IN THE THREE OTHER FIELDS WHERE TOPICS HAVE JUST RECENTLY BEEN AGREED, NAMELY COAL, OIL AND GAS, WILL PRODUCE MEANINGFUL EXCHANGES.

14. WHILE GREATLY REGRETTING THE APPEARANCE OF THE USG RENEGING ON A COMMITMENT, WE FOUND CONVINCING THE CONSTELLATION OF FACTS RECITED ABOVE. WE THEREFORE DECIDED TO GO ALONG WITH ERDA'S DECISION. AT OUR INSISTENCE, STEPS WERE TAKEN TO COMPENSATE FOR THE LOSS OF THE REFRIGERATOR BY OFFERING THE SOVIETS OTHER FORMS OF COOPERATION IN THIS FIELD, PARTICULARLY JOINT WORK ON SIMILAR TESTS AT BROOKHAVEN LABORATORY. HOWEVER, YOUR CABLE, IN EMPHASIZING THE PROBLEMS IN SOVIET PERCEPTIONS, HAS UNDERLINED THE IMPORTANCE OF GIVING THEM THE MOST CONVINCING EXPLANATION POSSIBLE IN TERMS OF TECHNICAL BENEFITS. WE WILL WORK WITH ERDA TO THIS END.

(END TEXT) CHRISTOPHER

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